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Message Text

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67
ACTION EUR-25

INFO OCT-01 ISO-00 EB-11 CIAE-00 DODE-00 PM-07 H-03 INR-10

L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 INT-08 FEA-02 COME-00 SCI-06 TRSE-00 DRC-01

OMB-01 /132 W
---------- 125221
R 291409Z JAN 74
FM AMCONSUL MONTREAL
TO SECSTATE WASHDC 4339
INFO AMEMBASSY OTTAWA

UNCLAS MONTREAL 0126

E. O. 11652: N/A
TAGS: ENRG CA
SUBJ: COMMENT ON FEDERAL-PROVINCIAL ENERGY CONFERENCE

REF: STATE 004148

1. IN EXTENSIVE PRE-CONFERENCE COMMENT MONTREAL MEDIA GENERALLY AGREED THAT TOP PRIORITY OF QUEBEC STRATEGY MUST BE TO AVOID FURTHER OIL PRICE INCREASES, FOLLOWED IN CLOSE ORDER BY ADOPTION OF PRICE PARITY THROUGHOUT CANADA. FAILURE TO ATTAIN THESE OBJECTIVES WOULD LEAVE QUEBEC'S INDUSTRY AT COMPETITIVE DIS-ADVANTAGE, WEAKEN ITS CHANCES OF ATTRACTING NEW INVESTMENT, AND LEAVE IT FACING STRONG INFLATIONARY PRESSURES.

2. FRANCOPHONE PRESS STRESSED ESPECIALLY THAT THE PROVINCES HAVE PRIMARY RESPONSIBILITY OVER NATURAL RESOURCES AND THAT QUEBEC MUST NOT ALLOW ITS NEED FOR PRICE PARITY TO BE USED BY OTTAWA AS A LEVER FOR ASSUMING GREATER POWER IN THIS AREA. LE DEVOIR EDITOR CLAUDE RYAN, WHILE DECRYING OTTAWA'S APPARENTLY BELLIGERENT PRE-CONFERENCE ATTITUDE AND MAINTAINING THAT RIGHTS OF PROVINCES MUST BE SAFEGUARDED, POINTED OUT THAT OTTAWA HAS LEGITIMATE INTEREST IN THE PETROLEUM ISSUE. RYAN ADDED THAT PROVINCES MUST COOPERATE WITH ONE ANOTHER AND WITH OTTAWA AND SO AVAIL THEM-
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SELVES OF OPPORTUNITY TO KEEP THIS IMPORTANT LEGMENT OF CANADIAN

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

ECONOMY OUT OF THE CONTROL OF MULTINATIONAL FIRMS.

3. COMMENT DURING AND FOLLOWING CONFERENCE WAS MIXED BUT MAINLY CRITICAL. THE MONTREAL FTAR, IN ITS EDITORIAL OF JANUARY 23, AFTER FIRST DAY OF MEETINGS, ACCUSED OTTAWA OF MAKING "A DIFFICULT SITUATION APPEAR IMPOSSIBLE". HEAVIEST CRITICISM WAS AIMED AT THE LACK OF ADVANCE PREPARATION BY OTTAWA. ON JANUARY 24. THE STAR CALLED THE LONG-TERM CONFERENCE RESULTS NIL AND SAID THE ONLY GOOD NEWS TO COME OUT OF THE MEETING WAS THE MODEST SHORT-TERM SUCCESS REPRESENTED BY THE PRICE FREEZE AND SUBSIDY WHICH WILL PROTECT QUEBEC FROM HIGHER COSTS FOR THE NEXT TWO MONTHS. THE EDITORIAL ENDED WITH THE SPECULATION THAT OTTAWA'S STRATEGY MAY BE TO MAINTAIN A CRISIS ATMOSPHERE AS A MEANS OF FORCING AGREEMENT ON A LONG-TERM POLICY.

4. IN ITS MID-CONFERENCE EDITORIAL ON JANUARY 23, FRANCOPHONE DAILY LE DEVOIR SAID FIRST DAY'S MEETINGS WERE CONSTRUCTIVE AND PERMITTED THE EXPECTATION OF LIMITED BUT CONCRETE RESULTS, ALTHOUGH A LONG-TERM PRICE AGREEMENT WAS STILL A LONG WAY OFF. IN ITS POST-CONFERENCE EDITORIAL ON JANUARY 25, LE DEVOIR FOCUSED ON ATTACKING THE SEPARATIST PARTI QUEBECOIS AND ON SHOWING THAT QUEBEC GAINED MORE FROM THE CONFERENCE THAN IT WOULD HAVE AS AN INDEPENDENT STATE. LE DEVOIR FOUND A BASIS FOR HOPING THAT THE PRICE FREEZE AND SUBSIDY COMPROMISE MAY EXTEND BEYOND APRIL. IN ANY EVENT, THE AGREEMENT IN PRINCIPLE ON PRICE PARITY WILL KEEP QUEBEC'S INDUSTRY COMPETITIVE WITH THAT OF OTHER PROVINCES. AND CANADA, INCLUDING QUEBEC, WILL FOR MANY YEARS BE GUARANTEED OIL AT A PRICE LOWER THAN THE WORLD PRICE, THUS GIVING IT A COMPETITIVE ADVANTAGE OVER OTHER INDUSTRIALIZED NATIONS.

5. FRANCOPHONE LA PRESSE, IN JANUARY 24 EDITORIAL, TERMED THE CONFERENCE DISAPPOINTING AND SAID IT DECIDED ONLY TO DECIDE NOTHING UNTIL AFTER APRIL 1. IT APPLAUDED THE FACT THAT A COMPRO-MISE WAS REACHED BUT MAINTAINED NO ONE IS REALLY SATISFIED WITH IT,AND EXPRESSED HOPE NEXT MEETING WILL AGREE ON UNIFORM PRICE POLICY FOR CANADA.

6. IN A POST-CONFERENCE STATEMENT REPORTED OVER LOCAL RADIO AND TV STATIONS, MARCEL PEPIN, QUEBEC LABOR LEADER AND PRESIDENT OF THE WORLD FEDERATION OF LABOR, ATTACKED CONFERENCE FOR NOT
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PAGE 03 MONTRE 00126 292157Z

GIVING CONSUMERS SUFFICIENT PRICE RELIEF. PEPIN SAID OIL COMPANIES ARE MAKING HUGE PROFITS AND SHOULD NOT BE PERMITTED TO SET OIL PRICES.
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Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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EO Systematic Review
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